

| Japan                                       | Proposed Global Share Purchase and Match Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
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| <b>Tax points</b>                           | <p><b><u>Purchased shares:</u></b><br/> <b>Purchase:</b> Income tax on any discount to the value at the time of purchase. No social security.<br/> <b>Sale by participant:</b> Capital gains tax on increase in value since purchase. No social security.</p> <p><b><u>Matching shares:</u></b><br/> <b>Grant:</b> No income tax. No social security.<br/> <b>Vesting:</b> Income tax. No social security.<br/> <b>Transfer to participant:</b> No income tax. No social security.<br/> <b>Sale by participant:</b> Capital gains tax on increase in value since vesting. No social security.</p>                                                                                                                                                                                                                       |
| <b>Income tax (maximum rate)</b>            | 55.945% (2026).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Income tax rates</b>                     | National income tax rates are progressive up to 45%. The maximum income tax rate of 55.945% includes local income tax of 10% and the 2011 earthquake recovery surcharge of 2.1%, which is assessed on the taxpayer's national income tax.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Employer income tax withholding</b>      | Generally, no. Withholding depends on a number of factors, including recharge and the level of local employer involvement. Specific advice is recommended.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Employer social security withholding</b> | Whether or not social security is payable on share benefits in Japan is not free from doubt. However, it is generally accepted that shares are not classified as wages or bonus, in which case social security contributions are not due. If shares are cash settled, social security will be payable. If social security is payable, the employer would be required to withhold the employee's contribution.                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Employee social security</b>             | <p>Employees pay contributions for health, nursing care, pensions and unemployment insurance. Various rates, caps, adjustments and exceptions apply, depending on factors including the location of the head office of the company, the size of the company, the kind of business conducted by the company and the insurance cover used by the company. The following rates apply where the employer's office is located in Tokyo or the head office makes a lump sum application at the Tokyo rate, and assumes the employees are general office workers (lower rate) or construction workers (higher rate).</p> <p><b>Employee social security (max rate):</b> for fiscal year 2026 (i.e. from 1 April 2026 to 31 March 2027) approximately:</p> <ul style="list-style-type: none"> <li>• 16.535% (office)</li> </ul> |

| Japan                                                  | Proposed Global Share Purchase and Match Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                        | <ul style="list-style-type: none"> <li>16.635% (construction).</li> </ul> <p><b>Employee social security (cap):</b> various caps, adjustments and exceptions apply.</p> <p><b>Note:</b> social security only applies to payments made in compensation for an employee's labour. Benefits received pursuant to share incentive plans are generally not characterised as being for an employee's labour as they are at the employer's discretion and not subject to social security but this is not free from doubt.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Employer social security</b>                        | <p>Employers pay contributions for health, nursing care, pensions, unemployment insurance and workers' accident compensation insurance. Various rates, caps, adjustments and exceptions apply, depending on factors including the location of the head office of the company, the size of the company, the kind of business conducted by the company and the insurance cover used by the company. The following rates apply where the employer's office is located in Tokyo or the head office makes a lump sum application at the Tokyo rate, and assumes the employer conducts general office business (lower rate) or construction business (higher rate).</p> <p><b>Employer social security (max rate):</b> for fiscal year 2026 (i.e. from 1 April 2026 to 31 March 2027), approximately:</p> <ul style="list-style-type: none"> <li>17.545% (office)</li> <li>18.395% (construction).</li> </ul> <p><b>Employer social security (cap):</b> various caps, adjustments and exceptions apply.</p> <p><b>Note:</b> social security only applies to payments made in compensation for an employee's labour. Benefits received pursuant to share incentive plans are generally not characterised as being for an employee's labour as they are at the employer's discretion and not subject to social security but this is not free from doubt.</p> |
| <b>Share valuation for determining taxable benefit</b> | <p><b>Public/listed companies:</b> regarding income taxation for individuals, the value of shares will be determined to be the last reported price of the shares published on the relevant date (or the immediately preceding day if there is no reporting price on the relevant date).</p> <p><b>Private companies:</b> regarding income taxation for individuals, the value of shares will be determined as follows (in the following order):</p> <ul style="list-style-type: none"> <li>where there is an actual example of a sale and purchase, the value of the most recent sale and purchase that is deemed appropriate;</li> <li>if there is no such actual example, the value estimated in comparison with the value of the shares of another corporation whose business type, size, and profit status are similar to those of the issuing corporation;</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

# Tax Report



| Japan                                   | Proposed Global Share Purchase and Match Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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|                                         | <ul style="list-style-type: none"> <li>if there is no other method, the value of ordinary transactions taking into account the net asset value of the issuing corporation.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Capital gains tax (maximum rate)</b> | 20.315%<br>Capital gains are taxed at a flat rate of 15.315% for national tax and 5% for local tax.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Dividend tax (maximum rate)</b>      | <b>Listed shares:</b> taxpayer's choice of: <ul style="list-style-type: none"> <li>20.315% (separate self-assessment taxation) subject to any available tax credit; or</li> <li>55.945% (comprehensive income tax) subject to any available tax credit.</li> </ul> <b>Unlisted shares:</b> 55.945% (comprehensive income tax) subject to any available tax credit.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Tax reporting - Individual</b>       | <p>Generally yes. If the plan benefits are paid through the local employer and are subject to Japanese withholding tax, employees resident in Japan whose annual gross salary receipt amount (including the amount of salaries other than the plan benefits) is JPY20million or less and whose income, other than salary income and retirement income, for that year is JPY200,000 or less, are not required to file annual tax returns.</p> <p>There is no specific filing in relation to equity related incentives.</p> <p>Individuals are required to report foreign held assets if those assets have a market value (or estimated value as an alternative) over JPY50million as of 31 December.</p> <p><b>Report name:</b></p> <ul style="list-style-type: none"> <li>Annual Tax Return. The return can be filed online. The tax return can be downloaded from the website <a href="#">here</a>;</li> <li>Foreign assets reports are filed physically or electronically on the Foreign Assets Report website (<i>Kokugai Zaisan Choshu</i>) <a href="#">here</a>.</li> </ul> <p><b>Tax period:</b> 1 January to 31 December.</p> <p><b>Reporting deadline:</b> tax returns must be filed by 15 March of the subsequent year. Foreign asset reports must be filed by 30 June of the subsequent year.</p> <p><b>Payment of tax:</b> any unpaid income tax is due by the date of filing the tax return.</p> |

| Japan                                    | Proposed Global Share Purchase and Match Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
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| <b>Tax reporting - Employing company</b> | <p>Yes, Japanese subsidiaries that are owned 50% or more by a foreign company and Japanese branches of foreign entities must file a statement to the national tax office if resident or non-resident directors or employees exercise stock options issued by the foreign parent entity or receive income as a result of stock-based incentives offered by that foreign entity. In the case of reports on non-resident directors or employees, reportable income is limited to Japanese sourced income.</p> <p><b>Report name:</b> Form 9(3) of Ordinance for Enforcement of the Income Tax Act. The return can be filed online. The return can be downloaded from the website <a href="#">here</a>.</p> <p><b>Reporting deadline:</b> for resident directors/employees, 31 March of the year following the receipt of an economic benefit (i.e. exercise, vesting or purchase). For non-resident directors/employees, the deadline is 30 April.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Share retention/holding period</b>    | The existence of a retention/holding period will not affect the tax treatment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Recharge - Employing company</b>      | <p>The local company will be able to claim a corporation tax deduction if it pays money to the parent for both the share costs and a share of administration costs. Typically, the fair market value of awards at the time of grant is expensed rateably over the period from the date of grant to the settlement date through inter-company recharge.</p> <p>Specific rules apply where an award payment is recharacterised as a director's bonus (i.e. a bonus paid to a director or officer of the company) for Japanese tax purposes. The award amount would be a non-deductible tax expense unless it has been pre-notified to the tax authorities. As the pre-notification must state the exact amount of the bonus and the exact date of payment, from a practical perspective, the pre-notification procedure is not generally appropriate for payments under incentive plans. However, in 2017 a new rule was introduced which allows for a director's bonus under a performance-based incentive scheme to qualify as a deductible expense for Japanese corporate income tax purposes under certain conditions. As the rules are untested, further specific advice should be obtained.</p> <p>Dividend equivalents paid by the local company to the employees are treated as a tax-deductible employment expense upon payment.</p> <p>Inter-company recharges must satisfy certain transfer pricing requirements based on arm's length principles including documentation of terms and conditions as appropriate.</p> |
| <b>Recharge - Individual</b>             | The existence of a recharge may affect both withholding and social security obligations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Malus and clawback - Tax reclaim</b>  | If malus or clawback are applied then, in theory, any taxes paid can be reclaimed through the individual and the corporate tax returns.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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| <b>Malus and clawback - Tax points</b> | The existence of a malus or clawback clause does not affect the tax point for the individual.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Tax beneficial treatment</b>        | There are no tax-qualified plans that can be offered to employees of non-Japanese companies operating in Japan.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Other</b>                           | <p><b>Private companies:</b> as well as the method of valuing shares for determining taxable benefit, the tax treatment of share plans offered by a private company may differ in the following circumstances:</p> <ul style="list-style-type: none"> <li>• <b>tax deduction by private companies:</b> shares in a private company may not be a deductible loss for a company or would only become deductible upon the satisfaction of certain conditions, if they are paid to a director. Specific rules apply to a director's bonus. Specific further advice should be obtained.</li> <li>• <b>taxation for individuals:</b> certain benefits available for individuals in the case of shares of listed companies (e.g. profit and loss aggregation) may not be available in the case of private companies, depending on the circumstances.</li> </ul> <p><b>Withholding:</b> generally, there is no employer withholding required in relation to income under an incentive plan. However, if the payments are made through the local employer or if the employer reimburses the parent company (or relevant issuer), then withholding is likely to be required.</p> <p><b>Exit tax:</b> income tax is levied on unrealised capital gains on financial assets held by an individual at the time of departure from Japan. The 'exit tax' applies to residents in Japan who have lived in Japan for more than five years out of the previous ten years. Departure from Japan is defined as ceasing to have either domicile or residence in Japan. The exit tax applies to certain taxable assets (including equity awards) with a combined value of at least JPY100million. There are still a number of uncertainties as to how the tax will apply to equity awards (e.g. whether unvested awards have to be included and how to value awards at departure.) Although the exit tax does not generally apply to stock options and a certain type of restricted stocks (i.e. traditional restricted stocks under Japanese law) the exit tax treatment of equity incentives remains unclear.</p> <p><b>Withholding and social security</b> are not always applicable. This depends on a variety of factors, including individual circumstances, the exact plan structure, and the existence and structure of any recharge. If the position is uncertain, the prudent approach is to seek specific tax advice.</p> |

# Tax Report



This summary assumes that the participants are subject only to local taxes at all relevant times. Different rules may apply if the participants are subject to multiple taxing jurisdictions at any relevant time.

This summary is only a guide. It is limited to a general description of national tax laws and does not address local, city, regional, state or other provincial tax laws that may apply to the participants.

The tax position will depend on each participant's individual circumstances. We do not warrant any particular tax result. Therefore we recommend that participants consult their own tax advisor regularly to determine their individual tax position.

The exact structure of an award is crucial to the way that award is taxed. The tax treatment can be affected by many factors including retention/holding periods and clawback. Different clawback terms and different restrictions on shares may impact the tax treatment. If companies want detailed and specific tax advice for their plans, then local counsel need to know the exact detail of how the specific plans work. The database can only give generalised tax information.

The information provided is understood to be correct as of 4 August 2026. Changes in legislation or practice after this date may affect the tax treatment.

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